

## Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 EB-11 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 CAB-09 COME-00 FAA-00 /156 R

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P R 260030Z OCT 73

FM SECSTATE WASHDC

TO AMEMBASSY BONN PRIORITY

USMISSION BERLIN

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MOSCOW

USMISSION NATO

C O N F I D E N T I A L STATE 211044

E.O. 11652: GDS

TAGS: ETRN, GW, WB, UK, FR, US

SUBJECT: BEA BERLIN AIR SERVICES

REF: STATE 202110

1. UK MINISTER SYKES CALLED ON EUR DEPUTY ASST SEC STABLER OCTOBER 24 TO EMPHASIZE NEED FOR EARLY POLITICAL DECISION ON QUESTION OF CONTINUED BEA PARTICIPATION IN BERLIN AIR SERVICES. IN MAKING HIS PRESENTATION, SYKES REPEATED BRITISH POSITIONS SET OUT AT OCTOBER 9 MEETING (REFTEL), BUT STRESSED MORE STRONGLY THAN BEFORE HIS BELIEF THAT NO SATISFACTORY COMMERCIAL SOLUTION TO BEA'S PROBLEMS EXISTS AND THAT A POLITICAL SOLUTION(ALMOST CERTAINLY INVOLVING USG PRESSURE ON PANAM AND THE FRG TO ACCEPT UK AND BEA PROPOSALS)WOULD BE REQUIRED. STABLER ADVISED SYKES THAT  
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DEPARTMENT HAD BEEN IN CONTACT WITH PANAM TWICE SINCE

OCTOBER 9 AND THAT PANAM WAS IN PROCESS OF PUTTING TOGETHER COMPROMISE PROPOSALS OF ITS OWN. AFTER DISCUSSING THESE WITH DEPARTMENT, PANAM INTENDED TO APPROACH BEA, PROBABLY SOME TIME NEXT WEEK.

2. PANAM WHICH WILL BE MEETING WITH DEPT OFF OCTOBER 26, HAS INFORMALLY INDICATED IT THINKING IN LINES OF A PACKAGE CONSISTING OF MODEST FARE INCREASE, MINOR FREQUENCY REDUCTIONS BY BOTH AIRLINES ON SOME ROUTES,

AND EXTENSION OF "EXCLUSIVE" SERVICE BY EACH AIRLINE TO ONE OR TWO ADDITIONAL FRG DESTINATIONS. PANAM ALSO PREPARING FIGURES TO DEMONSTRATE TO BEA THAT BERLIN AIR SITUATION NOT NEARLY AS SERIOUS AS BEA BELIEVES. PANAM HAS TOLD US INFORMALLY IT IS PREPARED AND ABLE, IF NECESSARY, TO PICK UP SLACK CAUSED BY LARGE SCALE BEA CUTBACKS OR TOTAL WITHDRAWAL.

3. IN COURSE OF MEETING IN DEPARTMENT SYKES RAISED SUGGESTION THAT FOR PUBLIC RELATIONS PURPOSES, US AND UK MIGHT STATE THAT CUTBACKS IN BERLIN SERVICE COULD BE EXPLAINED AS PART OF "OIL ECONOMY" EFFORT. SYS SAID THAT US HAD USED THAT SAME LINE AS PART OF JUSTIFICATION FOR RATIONALIZING CERTAIN DOMESTIC US SERVICES. DEPUTY ASSISTANT SEC. STABLER POINTED OUT THAT IN US SITUATION ALL AIRLINES CONCERNED WERE IN AGREEMENT ON NEED TO CUT CAPACITY, WHEREAS IN BERLIN ONLY BEA FAVORS LARGE SCALE CUTBACKS.

4. DEPARTMENT WILL PREPARE MORE COMPLETE SUMMARY AND APPRAISAL OF CURRENT SITUATION FOLLOWING DISCUSSIONS WITH PANAM REPS ON OCTOBER 26. KISSINGER

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**Disposition Authority:** garlanwa  
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